

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
August 24, 2018**

Chairman Roy Robichaux called the meeting to order at 10:02 a.m. in the Board of Directors Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana.

**I. Attendance**

- A. Members Present:** Chairman Roy Robichaux, Vice Chairman Blake McCaskill; Directors: Verge Ausberry, Jr., Larry Cager, Sheridan Shamburg, Sean Wells, Whalen Gibbs, Jr., Butch Gautreaux, Carmen Jones and Louisiana Deputy State Treasurer Renee Ellender Roberie.
- B. Members Absent:** None.
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet and Senior Vice President/General Counsel, John Carruth.

**II. Pledge of Allegiance**

Chairman Roy Robichaux asked President/CEO Rose Hudson to lead the Board of Directors and all attendees in our Pledge of Allegiance.

**III. Approval of the Minutes of Prior Board Meeting**

Chairman Robichaux began by asking if anyone had any questions or corrections to the minutes of the June 22, 2018 Board Meeting. Director Shamburg advised that she was referred to as Director Sheridan in the Section of Other Business. Therefore, she would like the minutes changed to reflect Director Shamburg. With the change being made, Vice Chairman McCaskill **moved** to approve the June 22, 2018 Board Meeting Minutes and Director Shamburg **seconded** the motion. There being no objection, the minutes were **approved**. The meeting was then turned over to President Rose Hudson for the President's Report.

**IV. President's Report**

Ms. Hudson began by advising the Board Members that the Mississippi State Senate recently passed a bill that would create the Mississippi Lottery Corporation. The bill now goes to the

Mississippi House of Representatives for debate. Based on an analysis of claims data, approximately six (6%) percent of the Louisiana Lottery Corporation's claims are made by Mississippi residents. Ms. Hudson indicated that she will continue to monitor the bill and keep the Board Members up to date on its progress.

Ms. Hudson informed the Board Members that she will be meeting with Representative Blake Miguez within the next two (2) weeks to give him background information on the Louisiana Lottery Corporation and answer any questions he may have.

Lastly, Ms. Hudson mentioned that the Louisiana Lottery Corporation has had an explosion of interest from grocery store chains wanting to sell Lottery products and introduced Brad Menard, Vice President of Sales, to provide a presentation on business development.

Mr. Menard began by advising Board Members that the Louisiana Lottery Corporation's retailer network consists of approximately 2,900 active retailers at any given time with 3,454 retail accounts having sales last fiscal year. Independent retailers amount to 71 percent of Lottery retailers and 67 percent of sales, while chains account for 29 percent of the Lottery retailer base and 33 percent of sales.

Additionally, Mr. Menard showed a list of the top 10 Louisiana Lottery Corporation retailers in the state and explained that most are either close to the interstate or high traffic areas. Six of the ten are located in the New Orleans area. Delta Discount, located on Interstate 20 near the Mississippi border, accounts for 1.3 percent of all Lottery sales which is more than double any of the other top 10 retailers.

Mr. Menard reviewed charts showing chain account sales and chain account cashing of players' winning tickets. Circle K's 233 stores led the way with approximately \$48 million in sales and \$15.5 million in cashes. RaceTrac is second with approximately \$19.3 million in sales and \$5.8 million in cashes. However, on a per store basis, RaceTrac is on top with \$411,536 per store to Circle K's \$205,967 in sales. In looking at cashes per store, Winn Dixie is a close leader at \$128,459, followed by RaceTrac and Tobacco Plus. Winn Dixie also leads in the ratio of cashes to sales, along with the grocery chain Brookshire.

In continuing, Mr. Menard updated the Board Members on planned future retailer development. The sales team is currently working to bring Market Basket, Wal-Mart and Rouses online as Lottery retailers.

Mr. Menard advised that Market Basket's 18 locations plan to join the Lottery retailer network this fall with estimated annual sales of \$500,000 to \$1 million.

He stated that Wal-Mart is in negotiations to add 22 fuel center locations with estimated sales of \$500,000 to \$1 million.

Finally, Mr. Menard reported that Rouses Markets plan to add 44 additional locations to the Lottery network with three currently selling in the Lafayette area for total estimated annual sales of \$7 million to \$8 million.

In concluding, Mr. Menard reviewed the challenges to the increase in new business development including access and availability of self-service equipment and related costs.

After Mr. Menard finished his presentation, Ms. Hudson turned the floor over to Karen Fournet, Senior Vice President/Secretary/Treasurer, to present the financial report via Power Point Presentation.

Ms. Fournet began by analyzing monthly sales for fiscal years 2016-2019. Sales for this fiscal year in July started out at \$40 million and are projected to be \$37.4 million to end August.

Ms. Fournet advised that Powerball fiscal-year sales through the end of August are projected to be \$11.7 million, which is \$14.4 million less than last year due to lower advertised jackpots. She noted that jackpot fatigue continues to impact sales levels, due to the number of jackpots over \$400 million occurring within a brief period of time. She compared recent jackpots and demonstrated that it is taking more draws for jackpots to build. For example, it took only 20 draws to create the record \$1.6 billion jackpot in January of 2016, but 21 draws occurred to build the \$759 million jackpot of August 2017. She also noted that the increase in Powerball sales for each draw occurs at a higher rate when large jackpots do not occur so close together.

Ms. Fournet stated that Mega Millions fiscal year sales through the end of August are projected to be \$92. Million, which is \$2.1 million higher than last year thanks for the \$522 million jackpot in July. This is the best two-month fiscal-year start since Louisiana began participating in the game in 2011.

Ms. Fournet advised that combined Powerball and Mega Millions sales through the end of August are projected to be \$20.9 million, down \$12.3 million from last year due to smaller Powerball jackpots.

Ms. Fournet informed the Board that Lotto sales are at \$3.9 million for the first two months of this fiscal year, the same as last year.

Ms. Fournet added that sales of Pick 3 and Pick 4 are at \$17.2 million through August, up \$400,000 for this time last year. These continue to be the most stable games in the Lottery's product mix, generating over 20 percent of overall sales, which is vital to support the instant ticket prize structure.

Ms. Fournet advised that scratch-off sales have decreased slightly through the end of August totaling \$33.6 million, down \$800,000 from last year, even with a comparable average prize payout percentage. The Louisiana Lottery Corporation is continuing to monitor its unclaimed prize fund and evaluate ways to optimize available funding.

In continuing, Ms. Fournet reported overall sales through the end of August are projected to be \$77.4 million, \$12.6 million lower than last year, but \$2.4 million higher than budget.

Additionally, Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of August are projected at \$27.1 million, which is \$800,000 better than budget.

In concluding, Ms. Fournet gave the Board Members a final recap of fiscal year 2018. The Louisiana Lottery Corporation ended the fiscal year with \$491 million in sales, which was \$51.4 million higher than budget. General and administrative costs were \$18.9 million, \$1.4 million under budget. Transfers to the Louisiana State Treasury were \$172 million, which was \$17.8 million more than budget.

A copy of the financial presentation is attached.

At this time, the meeting was turned back over to Ms. Hudson.

Ms. Hudson pointed to copies of the Louisiana Lottery Corporation's Marketing and Communications Dashboard for the fourth quarter of fiscal year 2018. This report was created to give Board Members and Lottery staff a quarterly snapshot of the Louisiana Lottery Corporation's communications and marketing activities and performance.

Ms. Hudson also introduced and welcomed Denise Bishop and Kathy Andersen of The Graham Group. The Graham Group is the Louisiana Lottery Corporation's new vendor for advertising placement services.

## **VI. Other Business**

There was no other business to discuss at this time.

## **VII. Executive Session**

Chairman Robichaux asked for a motion to go into Executive Session to discuss prospective litigation and the performance evaluation of the President. Director Ausberry made the **motion** and Director Shamburg **seconded** the motion. There being no objection, the motion was **approved**, and the Board of Directors went into Executive Session at 10:40 a.m.

Vice Chairman McCaskill made a **motion** to adjourn the Executive Session and Director Cager **seconded** the motion. There being no objection, the motion was **approved**, and Executive Session adjourned at 11:10 a.m.

After adjourning from the Executive Session, Chairman Robichaux called the regular meeting of the Board of Directors back to order at 11:15 a.m.

Chairman Robichaux made a **motion** to increase President Rose Hudson's salary by four (4%) retroactive to the beginning of this fiscal year, July 1, 2018, and Vice Chairman McCaskill **seconded** the motion. There being no objection, the motion was unanimously **approved**.

## VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, October 26, 2018, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

## X. Adjournment

There being no further business, Chairman Robichaux invited a motion to adjourn the meeting. Director Ausberry made a **motion** to adjourn the meeting and Director Sean Wells **seconded** the motion. There being no objection, the motion was **approved** and Chairman Carver adjourned the meeting at 11:20 a.m.

Date Approved: October 26, 2018

  
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Wendy Reeves  
Executive Administrative Assistant

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Sean Wells  
Secretary to the Board of Directors

  
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Roy Robichaux  
Chairman of the Board of Directors